

Department of Financial Regulation

Michael S. Pieciak, Commissioner

Department of Financial Regulation: Overview of Operations, Responsibilities and Priorities

REP. BILL BOTZOW, CHAIRMAN
REP. MICHAEL MARCOTTE, VICE CHAIRMAN
JANUARY 12, 2018



Agenda

- Introductions
- Overview of the Department
- Overview of the Divisions
- Overview of DFR's 2018 Priorities
- Questions?

DFR Leadership Team



Mike Pieciak
Commissioner



David Provost
Deputy Commissioner
Captive Insurance



Molly Dillon
Deputy Commissioner
Banking

DFR Leadership Team



Bill Carrigan
Deputy Commissioner
Securities



Chris Rouleau
Deputy Commissioner
Insurance



Scot Kline
General Counsel

DFR Leadership Team



Sandy Bigglestone
Director of Captive
Insurance

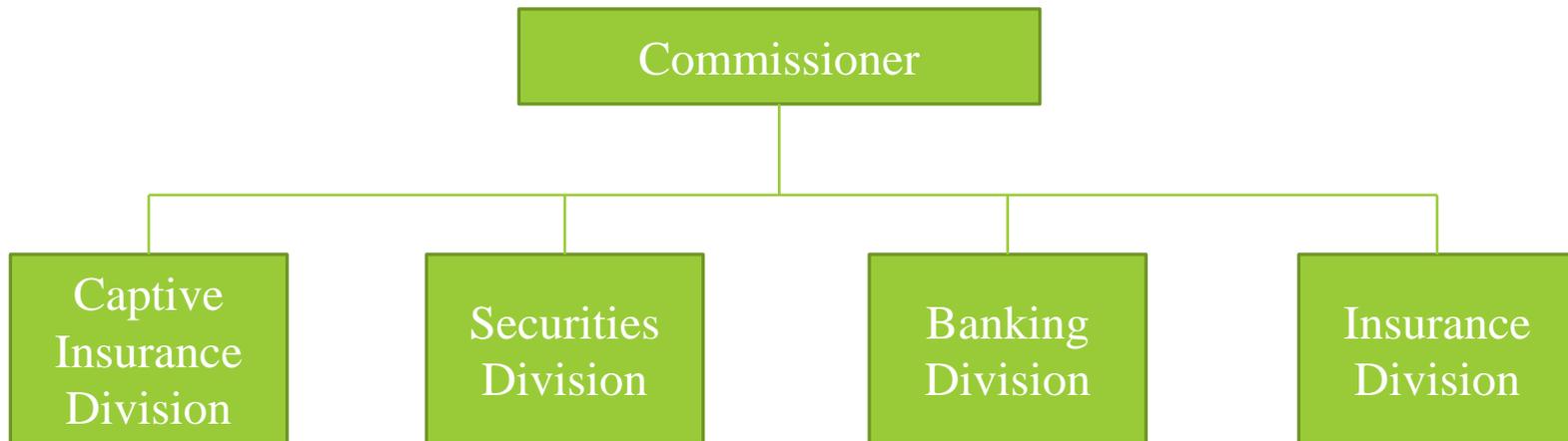


Jill Rickard
Director of Policy



Nick Marineau
Executive Assistant

Overview of the Department



Overview of the Department

The Department's true strength is its people.

111 employees across five divisions

Department morale ranked highest among state agencies and departments for the last three years running

- 2016 – 78.9% #1 department/agency in state government
- 2015 – 72.0% #1 department/agency in state government
- 2014 – 78.7% #1 department/agency in state government

93% responded that they enjoy performing the day to day work of their job

Regulators who are Accessible, Responsive, Fair but Tough



Overview of the Department

DFR's FY 2018 Operating Budget	\$14,727,063
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Projected FY 2018 Revenues	\$82,000,000
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Projected Premium & Franchise Tax	\$69,500,000
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Revenue Breakdown:

Securities Division	\$62 million
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Insurance Division	\$13.5 million
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Captive Insurance Division	\$5.1 million
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Banking Division	\$2.5 million
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“The Gold Standard”

Number 1 Worldwide by Premium

Home to 18 of Dow 30 and 48 of Fortune 100

Licensed 24 New Captives in 2016

Awarded Top U.S. Domicile of the Year

Most Efficient Examinations by Premium

Dave Provost Named to Captive Hall of Fame

Sandy Bigglestone - 22nd most influential in industry

Captive Insurance Division

Strong Completion from other Captive Insurance domiciles

- More than 30 other states now have captive laws led by Utah, Hawaii, South Carolina, Kentucky, Arizona, Nevada, D.C.
- Dozens of offshore domiciles including Bermuda and the Cayman Islands

Why Choose Vermont?

- Regulatory “Gold Standard” – Accessible, Responsive, Fair yet Tough
- Professional Industry – captive managers, attorneys, accountants, the Vermont Captive Insurance Association (VCIA)
- Strong support from the Vermont Legislature and Governor – regardless of party
- Vermont’s captive laws remain cutting edge and ever improving



Captive Insurance Division

The Captive Insurance industry greatly benefits Vermont's economy:

- Estimated the Captive industry supports over 1,400 jobs in Vermont
- Captive jobs are well paying professional jobs
- Approximately 600 captive companies required to hold at least one board meeting in Vermont annually
- VCIA's annual conference attracts over 1,000 attendees to Vermont



Insurance Division

R Street Institute State Regulation Report Card

Vermont 	2016 Grade	2017 Grade
	A+	A+
	Score	Rank
	86.2	1
Strengths:	Low politicization, ahead on financial exams, competitive auto market, competitive homeowners market, small residual markets, broad underwriting freedom.	
Weaknesses:	High tax and fee burden.	

Competitive and low cost insurance market:

- Vermont is the 5th lowest cost market for personal automobile insurance
- Vermont is the 11th lowest cost market for homeowners insurance



Insurance Division

- 1,390 Companies registered in Vermont
- 10 Vermont domestic entities
- 122,177 Insurance agents licensed in Vermont

Consumer Services over the last five years:

- Department's Consumer Services Division handled 17,968 inquiries, 2250 complaints and recovered \$3,442,875 for Vermonters.
- Department's Market Conduct Division investigations led to \$1.3 million in administrative penalties and over \$8 million in restitution to Vermonters.

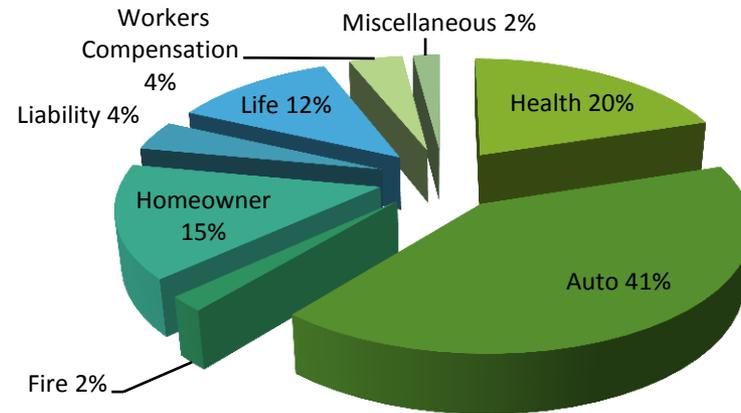
Insurance Consumer Services 2017

**Division of Insurance
Consumer Assistance Section
Annual
January 1, 2017 – December 31, 2017**

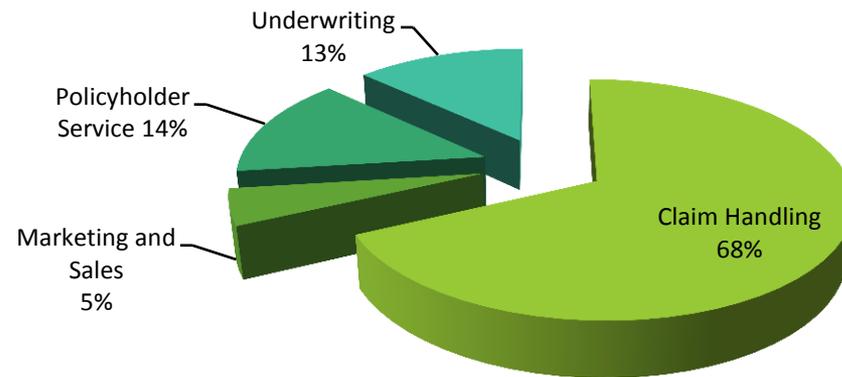
Summary of Written Inquiries and Complaints	Totals
Inquiries Opened	3510
Written Complaints Opened	489
Dollar Amount Recovered for Consumers	\$ 500,655.64

Insurance Consumer Services 2017

Complaints by Line of Insurance



Nature of Complaints



Securities Division

Broker-Dealers

- 1,291 broker-dealer firms registered, 4 domiciled in Vermont
- 100,118 broker-dealer agents registered, 802 domiciled here
- 420 registered broker-dealer branch offices in Vermont

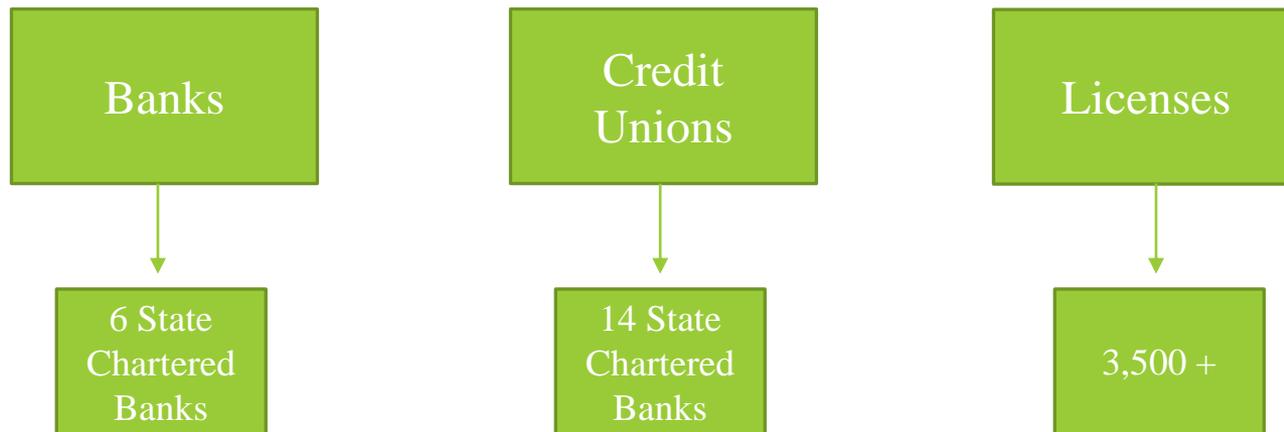
Investment Advisors

- 1,034 investment advisor firms registered
- 966 SEC registered, 22 domiciled in Vermont
- 68 state registered, 43 domiciled in Vermont
- 1,393 investment advisor representatives registered
- 607 are domiciled in Vermont
- 4 state regulated investment advisor branch offices in Vermont



Banking Division

Banking Division activities are organized around three broad program areas:



DFR's 2018 Priorities

- Cybersecurity:
 - DFR Cybersecurity Taskforce
 - Industry Cybersecurity Roundtable May 17th
- Financial Technology:
 - Chairing NASAA Fintech Committee
 - Serving on NAIC Innovation and Technology Task Force
- Changes to Federal Health Care Laws
- Captive Insurance and Department Bill